

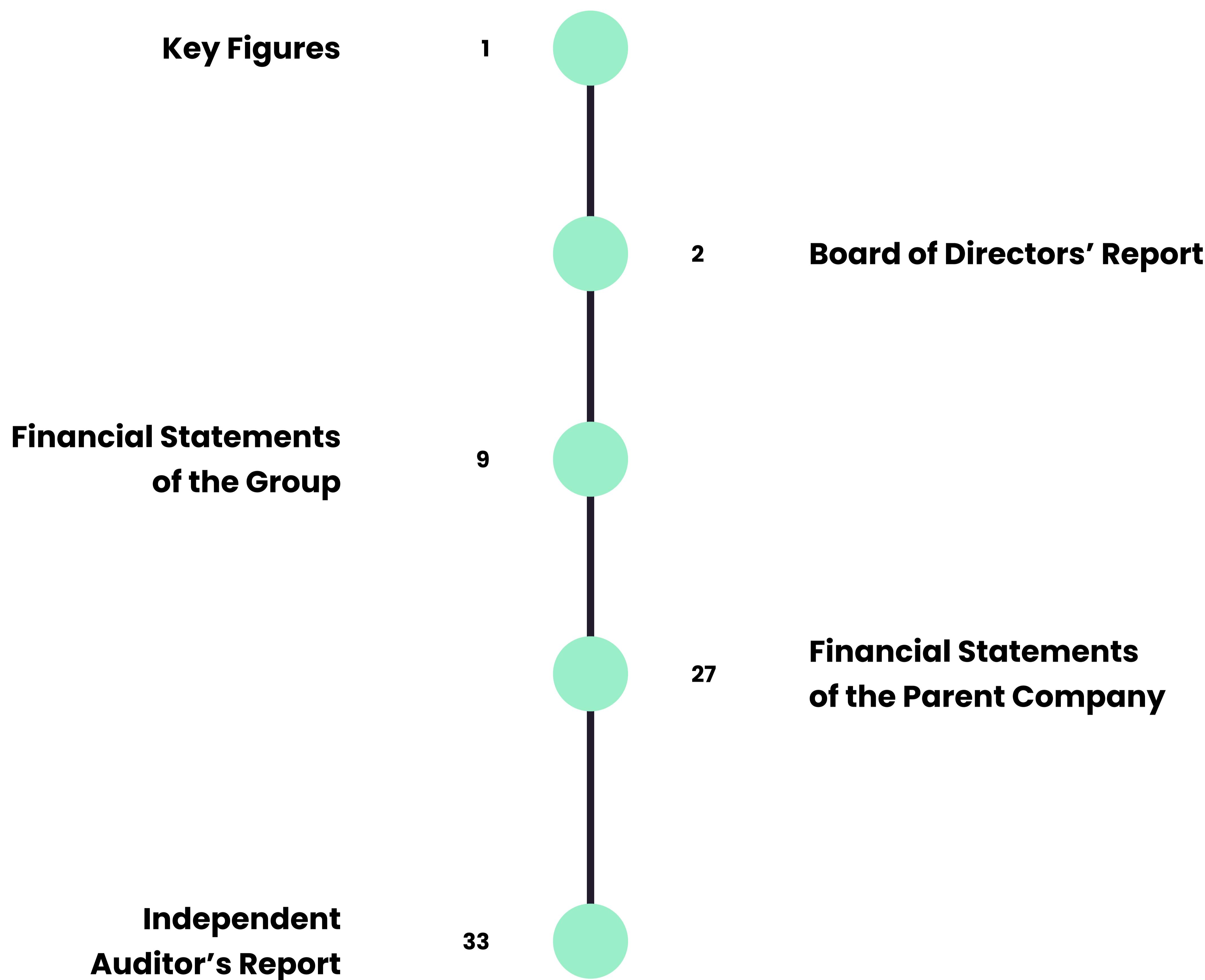
Bergen Carbon Solutions AS

# Annual Report 2021



Contents

# Annual Report 2021



# Key Figures

## Key figures

### Amounts in NOK thousands

	Full year 2021	Full year 2020
Total revenue and other income	874	1
Total operating expenses	30 860	4 617
Operating profit (loss)	-29 986	-4 615
Net profit (loss) for the period before tax	-29 905	-4 655
Net change in cash and cash equivalents	66 798	-32 994
Cash and cash equivalents, end of period	107 295	40 497
Equity	118 835	43 491
Total assets	124 504	48 544

# **Board of Directors' Report**



## Board of Directors' Report

# 2021 Bergen Carbon Solutions AS

### Nature of the enterprise

Bergen Carbon Solutions AS (BCS) is located in Bergen, Norway. Since 2016, the company has been developing technology related to producing carbon nanofiber based on CO<sub>2</sub> as a raw material. Carbon nanofiber (CNF) is a material that is in an exciting growth phase regarding produced volume and application in various applications globally. The Annual report is for both the company Bergen Carbon Solutions AS and included its subsidiaries where it is defined as a group.

### Continued operation

The Board of Directors has reviewed the Company and Group's ongoing operations, position, and performance development. The Board of Directors believe that the group is properly organized and that its operations and internal control are satisfactory. The Board of Directors believes that the basis for continued operations is present, and the financial statements for 2021 have been set up under this assumption.

### Future development

In a new guidance in December 2021, the company made a strategic change, moving from modular production to a full-scale factory. The company is working on scaling and developing full-scale factory modules through 2022 that will produce CNF. The first unit is scheduled to be completed in 1H 2023 at the planned factory in Mosjøen in Vefsn Municipality. Furthermore, an increase in capacity will be carried out throughout the year 2023 - by the end of 2023 production is expected to be 160 tons CNF per year. Throughout 2022 and 2023, several people will be employed in different departments, including manufacturing, assembly, and engineering.

The Board emphasizes that forward looking statements contained in this report are based on various assumptions and forecasts that, by their nature, involve risk and uncertainty. Accordingly, actual development may deviate from planned.

### Financial statements

There has been no activity in the subsidiaries except the actual establishment of the three companies, Bergen Carbon Solutions Opportunities AS, Bergen Carbon Solutions Productions AS, Bergen Carbon Solutions Properties AS. The numbers presented below are therefore equal for the Group and the parent company unless otherwise specified.

The financial statements show a loss of MNOK 29.9 in 2021 compared to a loss of MNOK 4.7 in 2020, and a positive equity of MNOK 118.8 as of 31.12.2021 against MNOK 43.5 as of 31.12.2020. The financial result in 2021 is due to the scale-up of business.

The Board believes that the accounts provide a true and fair view of the development and results of the company's operations and position.

Total investments in 2021 were MNOK 10.6 (of which MNOK 1.7 was self-development intangible assets. Of the investment amount, MNOK 2.6 was financed in the form of grants from Enova).

## Board of Directors' Report

# 2021 Bergen Carbon Solutions AS



Total investments in 2020 were MNOK 6.2 (of which MNOK 3.7 was self-development intangible assets. Of the investment amount, MNOK 3.9 was financed in the form of grants from Enova.

The liquidity situation in the group is assessed satisfactorily, with a liquidity of MNOK 107.3 as of 31.12.2021 compared to MNOK 40.5 as of 31.12.2020. Of the MNOK 107.3, MNOK 107.2 is in Bergen Carbon Solutions AS, while MNOK 0.1 is from the subsidiaries.

The short-term debt amounted to about 4.6% of total capital per 31.12.2021. The financial position is considered good, and the current assets as of 31.12.2021 exceed the company's short-term debt. Short-term debt at the end of the year mainly consists of ordinary accounts payable and outstanding public taxes.

Total assets in the company at the end of the year was MNOK 124.5 compared to MNOK 48.5 the year before.

The company's equity as of 31.12.2021 was MNOK 118.8 compared to MNOK 43.5 MNOK the year before. The equity ratio as of 31.12.2021 was approx. 95.4%, compared to approx. 89.6% as of 31.12.2020.

In 2021, the company's revenues have been low and liquidity and cash flow have been secured through a share capital increase and received grants. In addition to current operating costs, investments related to technology development and production capacity have been the key factors on the expenditure side.

The operating profit in 2021 shows a loss of MNOK 29.9, while net negative cash flow from operating activities amounts to MNOK 29.0. As mentioned, the company's liquidity and cash holdings are considered satisfactory.

The Board of Directors is not aware of any factors of importance for assessing the company's position and results that are not stated in the financial statement in general. After the end of the financial year, there have been no circumstances that, in the board's view, are important when judging the accounts.

## Financial risk

Overall objective and strategy: BCS will through 2022 work on the development and completion of production units to be installed in the planned factory in Mosjøen, Norway. The factory is estimated to start production in 1H 2023. Furthermore, the Company plans large scale production in additional locations out of which Høyanger, Norway, is one of the locations considered. Furthermore, the Company is also looking into potential locations outside of Norway.

## Market risk

The company's performance is affected by the global economic conditions in the market in which it operates. The global economy has experienced a period of uncertainty since the outbreak of coronavirus SARS-CoV-2 ("Covid 19"). The progression of the company's development was to some extent negatively impacted by Covid-19 in 2021 and the beginning of 2022 due to the extraordinary health measures and restrictions on a local and global basis imposed by governments around the world. There have been suppliers who have not been able to deliver within the time axis that was expected, which has caused some delays in the company's development plans. In addition, employees were periodically forced into home office, resulting in less efficiency than optimal for the company's projects.



## Board of Directors' Report

# 2021 Bergen Carbon Solutions AS

The company is in a development phase and the pandemic has caused some deviations from best practice on how to work. Despite these challenges the Board is pleased with the major technological development that has been achieved with only minor delays compared to the original plans. Travel restrictions also limited the ability to meet potential customers and partners, and the company was also forced to cancel some trade fairs and seminars that it was planning to attend. Still, the company has been very active with potential customers and have also entered into several letters of intent. Covid-19 also led to an extension of the Enova project.

The invasion of Ukraine and the sanctions imposed on Russia has caused high volatility in global markets. It is uncertain how this impact the market and the company in the future.

### Liquidity and credit risk:

The company have budgeted for some revenues in 2022, but still limited before the first production factory is completed. It is the Board's assessment that credit risk related to sales is limited.

The company requires additional capital financing to finance future factories and growth in the long term. The company's ability to finance working capital and capital expenditures will depend on future operating profit, as well as the ability to generate sufficient cash and to achieve new market funding. This depends to some extent on general economic, financial, competitive, market, legislative, regulatory and other factors, many of which are beyond the company's control. That said, in February 2022 the company raised MNOK 250 in new equity through a private placement which gives the company enough liquidity to be able to carry out the first plans that have been put forward. The company will consider all financing options for future plans, including operating cash flow, loans, government grants and equity.

### Working environment, gender equality and discrimination

The Board considers the working environment of the company to be good. No special measures have been taken in this regard. Employees in the enterprise have not been exposed to accidents or injuries in connection with the performance of their work. Total sickness absence in the last year has been a total of 2.3% of the total working time in the financial year.

Bergen Carbon Solutions AS aims to be a workplace where full equality prevails between women and men and has incorporated a personnel policy that is considered gender neutral in all areas. At the end of the year, the company had 34 employees, 6 women and 28 men. The company's Board of directors consists of 6 people, 4 of whom are men and 2 are women. There was a change in board members in January 2022. In 2021, the Board of directors consisted of 5 people, where all members were men.



## Board of Directors' Report

# 2021 Bergen Carbon Solutions AS

### Environmental reporting

In addition to BCS's production method being CO<sub>2</sub> negative, BCS otherwise have a strong focus on the environment and does its best to have as energy efficient production as possible. The most important resources used are energy, water, and CO<sub>2</sub>. Paper, cardboard, plastic, metal, wood and (small) quantities of hazardous waste are delivered to recycling stations. BCS do not have emissions to water, and to air there are only small amounts of CO<sub>2</sub> from the purification process. We aim to have zero emissions at all levels at our test factory in Flesland, but also our large-scale production. Our climate strategy is closely linked to our business strategy.

### Research and development activities

Throughout the year 2021 BCS has had several research and development activities, including design and production of the upgraded crucible "crucible 2.0", design of filtration optimisation, Regional Research Fund Vestland (RFF) project with Norce as well as development of the pilot supported by Enova to test flue gas at BIR as direct input into the production unit. In 2021, two development projects have been applied for and approved through SkatteFUNN: "Development of a process for purification of CNF from solid salt", and "Development of a production unit for production of CNF with pure CO<sub>2</sub> as input factor". Both projects are approved for two years.

### Board of directors' insurance:

BCS has a liability insurance for our Board of directors.

### Disposal of profit and loss

This year's loss of NOK 29 905 087 is proposed as follows: NOK 29 905 087 transferred from the share premium.

## Board of Directors' Report

# 2021 Bergen Carbon Solutions AS



### Outlook statement:

The market for carbon nanofibers is growing rapidly and new areas and applications for use are constantly discovered. Through its innovative technology, Bergen Carbon Solutions can deliver the most environmentally friendly CNF in the market, and the Board also believe that the company's products will expand the market further. The company has gained a lot of attention from both domestic and international clients and the Board is confident that some of the many letters of intent and ongoing projects will be converted into firm purchase contracts during 2022. Some of the major clients the company aim to serve in the future, in particular within the battery and industrial segments, will require reliable supply and large volumes of CNF. Discussions with such potential clients have intensified after the company's announcement of building full-scale CNF production factories.

The development of the first full-scale production factory in Mosjøen is progressing according to plan. The company aims for construction start at the end of Q2 2022 with production start in 1H 2023. Ramp-up of the production capacity will occur through 2023 and the Company aims to reach full capacity of 160tons CNF by year-end 2023. The Mosjøen area offers reliable access to renewable energy through hydropower, lower payroll tax rate and will serve as a hub for future material technology research in co-operation with the CNF Arena project that has now been developed in the year 2021. The project will continue, but now through the company Carbon Development Solutions AS, a Bergen Carbon Solutions AS subsidiary established in January 2022 (Bergen Carbon Solutions 2/3, Mosjøen og Omegn Næringssselskap KF 1/3).

2022 will be an exciting year for the company and it is the Board's assessment that Bergen Carbon Solutions is well positioned and prepared to realize the current plans and its market potential.

Bergen 15.03.2022  
Board of Directors – Bergen Carbon Solutions AS

**Dag Vikar Skansen**

*Chairman of the Board*

**Wenche Teigland**

*Member of the Board*

**Bodil Holst**

*Member of the Board*

**Atle Tvedt Pedersen**

*Member of the Board*

**Terje Christian Fatnes**

*Member of the Board*

**Bjørn Simonsen**

*Member of the Board*

**Jan Børge Sagmo**

*CEO*



Board of Directors' Report  
**List of signatures**

Name	Method	Signed at
Sagmo, Jan Børge	BANKID_MOBILE	2022-03-15 16:06 GMT+01
Simonsen, Bjørn	BANKID_MOBILE	2022-03-15 16:06 GMT+01
Pedersen, Atle Tvedt	BANKID_MOBILE	2022-03-15 16:06 GMT+01
Holst, Bodil	BANKID_MOBILE	2022-03-15 16:06 GMT+01
Fatnes, Terje Christian	BANKID_MOBILE	2022-03-15 16:05 GMT+01
Skansen, Dag Vikar	BANKID_MOBILE	2022-03-15 16:09 GMT+01
Teigland, Wenche	BANKID_MOBILE	2022-03-15 16:07 GMT+01

# **Financial Statements of the Group**



## Financial Statements of the Group

# Income statement

	Note	2021	2020
Revenue		205 798	1 050
Other income		668 357	0
<b>Total revenue</b>		<b>874 155</b>	<b>1 050</b>
Raw materials and consumables used		1 721 448	155 163
Change in self-manufactured goods		-108 800	0
Change in manufactured intangible assets	1, 2	-1 727 248	-3 708 953
Personnel expenses	3	17 022 519	5 214 187
Depreciation tangible og intangible assets	2	1 114 967	402 400
Total operating expenses	3, 4	<b>12 837 185</b>	<b>2 553 718</b>
<b>Total expenses</b>		<b>30 860 071</b>	<b>4 616 515</b>
<b>Operating profit</b>		<b>-29 985 916</b>	<b>-4 615 465</b>
<b>Financial income and expenses</b>			
Other interest income		116 609	1 189
Other financial income		12 211	9 202
Other interest expenses		14 842	33 488
Other financial expenses		33 149	16 293
<b>Net financial items</b>		<b>80 829</b>	<b>-39 390</b>
Net profit before tax	5	<b>-29 905 087</b>	<b>-4 654 855</b>
<b>Net profit after tax</b>		<b>-29 905 087</b>	<b>-4 654 855</b>

Financial Statements of the Group

# Balance sheet



<b>Non-current assets</b>	<b>Note</b>	<b>2021</b>	<b>2020</b>
<b>Intangible assets</b>			
Research and development	1, 2	10 554 947	5 080 996
Patents, licences and trademarks	2	356 470	114 700
Total intangible assets		<u>10 911 417</u>	<u>5 195 696</u>
<b>Tangible assets</b>			
Plant and machinery	2	2 551 013	2 076 415
Equipment and other movables	2	748 523	180 500
Total tangible assets		<u>3 299 537</u>	<u>2 256 915</u>
 Total non-current assets		<u>14 210 954</u>	<u>7 452 611</u>
 <b>Current assets</b>			
Inventories		372 173	74 128
 <b>Receivables</b>			
Accounts receivables		52 143	0
Other short-term receivables	10, 12	2 573 731	520 121
Total receivables		<u>2 625 874</u>	<u>520 121</u>
 Cash and bank deposits	6	107 294 671	40 496 789
 Total current assets		<u>110 292 718</u>	<u>41 091 038</u>
 Total assets		<u><u>124 503 672</u></u>	<u><u>48 543 649</u></u>



Financial Statements of the Group

# Balance sheet

<b>Equity</b>	<b>Note</b>	<b>2021</b>	<b>2020</b>
<b>Paid-in equity</b>			
Share capital	5, 8	112 022	54 759
Share premium	5	118 722 565	5 517 840
Approved, not registered capital increase	5	0	37 918 361
Total paid-up equity		<u>118 834 587</u>	<u>43 490 960</u>
 Total equity		<u>118 834 587</u>	<u>43 490 960</u>
 <b>Liabilities</b>			
<b>Non-current liabilities</b>			
Other non-current liabilities	9	0	1 500 000
Total non-current liabilities		<u>0</u>	<u>1 500 000</u>
 <b>Current liabilities</b>			
Trade payables		2 421 880	2 512 472
Public duties payable		1 217 243	467 889
Other current liabilities		2 029 962	572 328
Total current liabilities		<u>5 669 086</u>	<u>3 552 689</u>
 Total liabilities		<u>5 669 086</u>	<u>5 052 689</u>
 Total equity and liabilities		<u>124 503 672</u>	<u>48 543 649</u>

Bergen 15.03.2022  
Board of Directors – Bergen Carbon Solutions AS

**Dag Vikar Skansen**  
Chairman of the Board

**Wenche Teigland**  
Member of the Board

**Bodil Holst**  
Member of the Board

**Atle Tvedt Pedersen**  
Member of the Board

**Terje Christian Fatnes**  
Member of the Board

**Bjørn Simonsen**  
Member of the Board

**Jan Børge Sagmo**  
CEO



Financial Statements of the Group  
**Cash flow statement**

	Note	2021	2020
<b>Cash flows from operating activities</b>			
Profit/loss before tax		-29 905 087	-4 654 855
Loss/gain on the sale of fixed assets		7 316	0
Depreciation, amortization and impairment		1 114 968	402 400
Change in inventory		-298 045	-31 304
Change in accounts receivable		-52 143	0
Change in accounts payable		-90 592	-670 649
Change in other accrual items		153 377	176 687
Net cash flows from operating activities		<u>-29 070 205</u>	<u>-4 777 721</u>
<b>Cash flows from investment activities</b>			
Proceeds from the sale of fixed assets		124 000	0
Capital expenditures tangible assets		-8 892 772	-2 509 447
Capital expenditures manufactured intangible assets		-1 727 248	-3 708 953
Proceeds from investment grants		2 615 394	3 988 109
Net cash flows from investment activities		<u>-7 880 626</u>	<u>-2 230 291</u>
<b>Cash flows from financing activities</b>			
Repayment of non-current liabilities		-1 500 000	0
Increase in paid-in share capital		105 248 713	40 002 179
Net cash flows from financing activities		<u>103 748 713</u>	<u>40 002 179</u>
Net change in cash and cash equivalents		66 797 882	32 994 167
Cash and cash equivalents at the start of the period		40 496 789	7 502 622
Cash and cash equivalents at the end of the period		<u>107 294 671</u>	<u>40 496 789</u>

## Financial Statements of the Group

# 2021 Bergen Carbon Solutions AS



**The Bergen Carbon Solutions AS group consists of the following companies:**

Subsidiaries	Owner interest
Bergen Carbon Solutions Productions AS	100%
Bergen Carbon Solutions Opportunities AS	100%
Bergen Carbon Solutions Properties AS	100%

The three subsidiaries were established on 11 November 2021.

## Accounting principles

The financial statements includes both the separate financial statements for the parent company and the consolidated financial statements for the BCS group. The financial statements comprise income statement, balance sheet, cash flow statement and notes to the financial statements. The financial statements have been prepared in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, with the exceptions that are generally accepted for small enterprises in Norway (NRS 8). The notes to the financial statements are more extensive than the minimum requirements for small enterprises.

## Consolidation principles

The consolidated financial statements include Bergen Carbon Solutions AS (BCS) and its subsidiaries, which are entities in which BCS has control. Control is normally achieved through ownership, directly or indirectly, of more than 50 % of the voting power. Currently, BCS has 100 % of the voting power in the subsidiaries. Subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases. There have been no transactions in the subsidiaries in 2021 except from payment of share capital from the parent company.

## Investments in subsidiaries

Investments in subsidiaries is accounted for using the cost method in the separate financial statement for the parent company (company accounts).

## Operating revenues

Income from the sale of nanofiber is recognised on the date of delivery. Rendering of services related to development and testing of products are recognized as income as they are delivered.

## Tax

The tax charge in the profit and loss account consists of tax payable for the period and the change in deferred tax. Deferred tax is calculated at the tax rate at 22 % on the basis of tax-reducing and tax-increasing temporary differences that exist between accounting and tax values, and the tax loss carried forward at the end of the accounting year. Tax-increasing and tax-reducing temporary differences that reverse or may reverse in the same period are set off and entered net. In accordance with good accounting practice for small enterprises (NRS 8) the management has chosen not to capitalize deferred tax assets.



## Financial Statements of the Group

# 2021 Bergen Carbon Solutions AS

### Classification and valuation of fixed assets

Fixed assets include assets intended for permanent ownership and use. Fixed assets are valued at acquisition cost. Fixed assets are capitalized and depreciated over the asset's economic life. Fixed assets are written down to the recoverable amount in the event of a fall in value that is not expected to be temporary. The recoverable amount is the higher of net sales value and value in use. Value in use is the present value of future cash flows associated with the asset. The write-down is reversed when the basis for the write-down is no longer present.

### Classification and valuation of current assets

Current assets and short-term liabilities normally include items that fall due for payment within one year of the balance sheet date, as well as items that relate to the stock cycle. Current assets are valued at the lower of acquisition cost and fair value.

### Inventory

The raw materials are valued at acquisition cost and finished goods are valued at net sales value.

### Receivables

Receivables from customers and other receivables are entered at par value after deducting a provision for expected losses. The provision for losses is made on the basis of an individual assessment of the respective receivables.

### Research and Development (R&D)

The intangible asset is as of 31.12.21 in the final phase of the development stage. A proportion is expected to represent a fully developed physical asset upon expected completion in mid-2022, cf. note 1.

Variable development costs are capitalized to the extent that a future economic benefit related to the development of an identifiable intangible asset can be identified and the expenses can be measured reliably. Otherwise, such expenses are expensed on an ongoing basis. Capitalized development is depreciated on a straight-line basis over its economic life. The year's change in the carrying amount is shown on a separate line in note 2.

Fixed manufacturing costs are expensed as incurred.

### Estimate

Preparation of the financial statement in accordance with the Accounting Act requires the use of estimates. Furthermore, the application of the company's accounting principles requires management to exercise judgement. Recognition of expenses for own development of intangible assets is an area that to a large extent requires use of judgement, contains a high degree of complexity and is an area where assumptions and estimates are significant for the annual accounts.

### Cash flow statement

The cash flow statement, which the company has voluntarily chosen to prepare, is set up according to the indirect method. Cash and cash equivalents include bank deposits.



## Financial Statements of the Group

# 2021 Bergen Carbon Solutions AS

### Grants

Received grants from Enova includes investment and operating grants, with an allocation in accordance with the allocation of the expenses related to the project on capitalized investment and recognized costs, respectively. Other grants received in 2021 are recognized as operating grants. Investment grants are entered as a reduction in the asset's acquisition cost (net recognition). The investment grant is recognized in the income statement through reduced depreciation in line with the depreciation plan. Grants that are recognized in the income statement or net against the investment, but which have not yet been received, are presented as other current receivables. Investment grants are netted to bring the asset's acquisition cost and the asset's fair value as closely as possible.

### Currency

The functional currency is NOK and the financial statements are presented in NOK. Monetary items denominated in foreign currency are valued at the exchange rate as per the end of the financial year. Sales and purchases in foreign currencies are recognized to the currency at the date of the transaction. Exchange gains and losses relating to sales and purchases in foreign currencies are recognized as finance.

### Note 1 Research and development

In the period 2019 until 2021, the company has worked on a development project related to the development of an upscale production unit, which will produce nanofiber based on CO<sub>2</sub> as an input factor. Carbon nanofiber is carbon fiber at the nanometer scale, consisting of several graphene flakes. Lighter than plastic and stronger than steel, with exceptional thermal and electrical conductivity. Carbon nanofiber has superior mechanical and electrical properties that can be transferred to the main material at relatively low admixture as a composite. This can be both of a structural and electrical nature. The unit being developed will carry out tests to use CO<sub>2</sub> from flue gas directly from incineration plants. The costs capitalized to the project is related to development of the method used in production and capturing CO<sub>2</sub> from flue gas. Hereby, the project is defined as development as mentioned in NRS 19, chapter 2.1.3.

The majority of the expenses relating to the project are capitalized own development expenses, an intangible asset in the balance sheet. As of 31.12.2021, capitalized development expenses related to the project are NOK 19 383 295.

The project is supported by ENOVA, and extends according to the current plan until June 2022. Including support for November paid in January 2022, the company has been paid a total of NOK 10 288 586 since its inception in 2019. The company receives 45% of reported project costs until they have reached 80% of the granted amount, which was achieved in November 2021. Any final amount is paid after final reporting on the project.



## Financial Statements of the Group

# 2021 Bergen Carbon Solutions AS

Treatment of grants in the annual accounts:

	2021	2020
<b>Reduction in capitalized amount</b>	<b>2 615 394</b>	<b>3 988 109</b>
<b>Reduction in cost, operating subsidy</b>	<b>656 421</b>	<b>431 171</b>
<b>Total</b>	<b>3 271 815</b>	<b>4 419 280</b>

Expected commissioning is estimated for April 2022, after which test production will be run towards the summer and concluded. The assessment will then be based on the suitability of the flue gas as a raw material for the BCS process and on which process parameters are optimal for utilizing it.

From the middle of 2022, it is expected that we will start to get some revenue from the project. The first income will be linked directly to the project either as a product alone or together with production made elsewhere. Later, the income will be more indirectly based on the experiences from this project when it is passed on to other incomegenerating projects.

From mid-22, a proportion of the unit is expected to represent a fully developed physical asset that is depreciable. Another portion will be kept as an intangible asset. Depreciation is incorporated from the date of when it is expected to generate income. A depreciation plan of 3 years is assumed.

Financial Statements of the Group

# 2021 Bergen Carbon Solutions AS



## Note 2 Fixed assets

	Research and development	Plant and machinery	Equipment and other movables
Acquisition cost as of 01.01.21	5 080 996	2 523 933	299 467
+ Additions purchased fixed assets/external procurement	6 362 097	1 394 788	829 117
+ Additions self-development intangible assets	1 727 248		
- Disposals this year		-131 316	
- Grant Enova	-2 615 394		
= Acquisition cost 31.12.21	10 554 947	3 787 405	1 128 584
Accumulated depreciation 31.12.21		1 236 392	380 061
= Book value 31.12.21	10 554 947	2 551 013	748 524
This year's ordinary depreciations		788 874	261 094
Economic life	Under development	5-10 years	3-10 years

	Patents, licences and trademarks	Total
Purchase cost as of 01.01.21	129 949	8 034 345
+ Inflow purchased fixed assets/external procurement	306 770	8 892 772
+ Inflow self-development intangible assets		1 727 248
- Outflow this year		-131 316
- Grant Enova		-2 615 394
= Acquisition cost 31.12.21	436 719	15 907 655
Accumulated depreciation 31.12.21	80 249	1 696 702
= Book value 31.12.21	356 470	14 210 954
This year's ordinary depreciations	65 000	1 114 967
Economic life	5-15 years	

The subsidiaries have no fixed assets in 2021.



## Financial Statements of the Group

# 2021 Bergen Carbon Solutions AS

### Note 3 Salary costs and benefits, remuneration to the CEO, Board and auditor

Salary costs	2021	2020
Salaries	14 702 338	4 549 484
Payroll tax	2 031 228	561 506
Pension costs	524 234	85 951
Other benefits	321 201	17 246
Cost reduction due to SkatteFUNN	-556 482	0
<b>Total</b>	<b>17 022 519</b>	<b>5 214 187</b>

	2021	2020
Man years:	19	7,5

Benefits	CEO
Salary	1 209 109
Other benefits	7 560
Pension costs	81 852

No loans / collateral have been granted to the chairman of the Board, CEO or other related parties in 2021.

There is no bonus agreement or agreement on severance pay in connection with any termination of the position with the CEO.

The chairman of the Board has an employment agreement on consultative assignment.

#### Pension

The company is liable to maintain an occupational pension scheme under the Mandatory Occupational Pensions Act. The company's pension schemes satisfy the requirements of this Act.

Auditor	2021
Fees audit	324 000
Technical assistance accounting and tax papers	51 500
Attestation services	103 000
Other services	414 400

The costs are excl. VAT.

The subsidiaries have no salary, pension cost or obligations of loans / collateral granted to the chairman of the Board or related parties in 2021.



## Financial Statements of the Group

# 2021 Bergen Carbon Solutions AS

### Note 4 Other expenses

The company's other operating costs are specified as follows:

	2021	2020
Electricity, energy and fuel	258 419	132 757
Rent facilities	1 779 560	595 458
Rent machines, fixtures and equipment	759 620	142 578
Tools, fixtures, etc.	3 056 943	678 752
Repair and maintenance	80 383	41 477
Other third party services	5 711 333	800 421
Office costs	278 801	139 580
Expenditure on transport	18 072	25 506
Travel expenses	699 286	140 820
Sales, advertising and entertainment costs	437 082	101 635
Contingents	58 554	49 336
Insurance premium	8 042	8 100
Other cost	347 509	128 469
Reduction of costs due to operating funds Enova	-656 421	-431 171
<b>Total</b>	<b>12 837 185</b>	<b>2 553 718</b>

### Note 5 Equity of parent company

	Share capital	Share premium	Unregistered capital increase	Total equity
As of 01.01.2021	54 759	5 517 840	37 918 361	43 490 960
Result for the year		-29 905 087		-29 905 087
Capital increase 12.01.21	21 903	39 980 276	-37 918 361	2 083 818
Capital increase 09.04.21	20 426	79 979 579		80 000 005
Capital increase 30.08.21	14 934	29 982 494		29 997 428
Cost capital increase		-6 832 537		-6 832 537
As of 31.12.2021	112 022	118 722 565	0	118 834 587

Several capital increases have been decided in 2021. The total subscription amount was NOK 149 999 612, of which NOK 57 263 is share capital and NOK 149 942 349 is share premium. This includes the capital increase registered on 12.01.21, which was decided in December 2020. The cost of capital increase NOK 6 832 537 have been entered against the share premium.



## Financial Statements of the Group

# 2021 Bergen Carbon Solutions AS

### Equity in the group

	Share capital	Share premium	Unregistered capital increase	Total equity
As of 01.01.2021	54 759	5 517 840	37 918 361	43 490 960
Result for the year		-29 905 087		-29 905 087
Capital increase 12.01.21	21 903	39 980 276	-37 918 361	2 083 818
Capital increase 09.04.21	20 426	79 979 579		80 000 005
Capital increase 30.08.21	14 934	29 982 494		29 997 428
Cost capital increase		-6 832 537		-6 832 537
As of 31.12.2021	112 022	118 722 565	0	118 834 587

### Note 6 Restricted funds in the group

Bank deposits includes an account for restricted withholding tax of NOK 781 154 as of 31.12.2021.

The subsidiaries have no restricted fund as of 31.12.2021.

### Note 7 Parent company investments in subsidiaries

	Ownership share	Share Capital	Result	Equity
Bergen Carbon Solutions Opportunities AS	100,0%	30 000	0	30 000
Bergen Carbon Solutions Productions AS	100,0%	30 000	0	30 000
Bergen Carbon Solutions Properties AS	100,0%	30 000	0	30 000
Total		90 000	0	90 000



## Financial Statements of the Group

# 2021 Bergen Carbon Solutions AS

### Note 8 Shareholders

The share capital in Bergen Carbon Solutions AS as of 31.12 consists of:

	Total	Face value	Entered
Ordinary shares	37 340 511	0,003	112 022
Total	37 340 511		112 022

#### Ownership structure

The largest shareholders in% as of 31.12 were:

	Ordinary shares	Owner interest
Saga Pure ASA	8 954 000	23,98
Awilco AS	4 183 650	11,20
Finn Blydt-Svendsen	3 306 000	8,85
Jan Børge Sagmo	2 280 000	6,11
Bir AS	1 827 000	4,89
Silvercoin Industries AS	1 103 730	2,95
Citibank Europe PLC	1 100 000	2,95
Sande Holding AS	850 000	2,28
Verdipapirfondet Nordea Avkastning	815 492	2,18
Nordnet Livsforsikring AS	728 328	2,07
Total >2% ownership share	25 148 200	67,46
Total other	12 192 311	32,54
Total number of shares	37 340 511	100,0

#### Shares and options owned by members of the board and CEO:

Name	Position	Ordinary shares
Jan Børge Sagmo	CEO	2 280 000
Finn Blydt-Svendsen	COO	3 306 000
Total number of shares		5 586 000

In addition, Finn Blydt-Svendsen owns 24 000 shares through Møllen Invest AS, chairman of the Board Dag Vikar Skansen owns 275 000 shares through Skansen Holding Bergen AS and Board member Terje Christian Fatnes owns 57 000 shares through Tef Invest AS.



## Financial Statements of the Group

# 2021 Bergen Carbon Solutions AS

### Note 9 Receivables and liabilities

The company has no receivables or liabilities that fall due one year ahead.

### Note 10 Tax

This year's tax expense	2021	2020
Entered tax on ordinary profit/loss:		
Payable tax	0	0
Changes in deferred tax assets	0	0
Tax expense on ordinary profit/loss	0	0
 Taxable income:		
Ordinary result before tax	-29 905 087	-4 654 855
SkatteFUNN (tax deduction scheme)	-556 482	0
Other permanent differences	-4 662 191	-2 051 288
Changes in temporary differences	291 327	-111 024
Taxable income	34 832 433	6 817 166
 Payable tax in the balance:		
Payable tax on this year's result	0	0
Accruals for outstanding from SkatteFUNN	-556 482	0
Tax receivable (SkatteFUNN)	-556 482	0

The tax effect of temporary differences and loss for to be carried forward that has formed the basis for deferred tax and deferred tax advantages, specified on type of temporary differences

	2021	2020	Difference
Tangible assets	50 320	150 785	100 465
Inventories	-190 862	0	190 862
Total	-140 542	150 785	291 327
 Accumulated loss to be brought forward	-51 776 781	-16 944 348	34 832 433
Basis for deferred tax assets	51 917 323	16 793 562	-35 123 761
 Deferred tax assets (22 %)	-11 421 811	-3 694 584	7 727 227

In accordance with good accounting practice for small enterprises (NRS 8) the management has chosen not to capitalize deferred tax assets.



## Financial Statements of the Group

# 2021 Bergen Carbon Solutions AS

### Note 11 Subsequent events

The continuation of Covid-19 with the Omicron strain had a negative impact on the Company's operations during the first two months of 2022. Our operations are now back to normal.

In 2022, the company has entered into option agreements with employees (not the general manager). Work on the option agreement has been ongoing for large parts of 2021, but the agreement was first signed and entered into in January 2022.

On 13 January 2022 the Company entered into a definite agreement to acquire a 5,000 square meters property in Mosjøen in Vefsn municipality for NOK 3.6m. The property will be used for a potential factory with annual production capacity of 160 tons CNF.

On 25 January 2022 the Company announced the results from the joint collaboration project with Beyonder, using EcoNano CNF in their electrode materials in batteries. The result showed that adding EcoNano CNF increased the battery performance and internal resistance was reduced. The test also showed increased specific and volumetric capacitance. The batteries with carbon nanofiber showed promising performance even at very high current densities. The project has moved to large scale testing.

On 26 January 2022 the company held an Extraordinary General Meeting where a new Board of Directors was elected.

On 27 January 2022 NORCE (Norwegian Research Center AS) presented a report where it concluded that CNF can improve material properties of cement & concrete, batteries and plastics, and reduce CO<sub>2</sub> emissions. For batteries the report concluded that inclusion CNF can make anodes both lighter and longer-lasting, while also improving properties such as energy storage, charging and discharging speed and energy efficiency.

On 9 February 2022 the Company successfully raised NOK 250 000 000 in new equity. The capital increase was registered with the Norwegian Register of Business Enterprises on 28 February 2022.

On 28 February 2022 the Company announced that the pre-project "TiO<sub>2</sub>-CNF" with TioTech AS to study the usage of EcoNano CNF as an additive to TioTech's white titania powder to improve the fast- charging capabilities of Li-ion batteries was completed. The project received NOK 500 in funding from Regionalt Forskningsfond Vestland in April 2021. The preliminary results showed that CNF has the potential to increase the capacity of titania. As such, both parties agreed to continue the R&D project into next phase.

On 10 March 2022 the company announced a new letter of intent with Japanese company Inabata Europe GmbH. The intention is for Inabata to develop business relationship with BCS and purchase of EcoNano CNF. Inabata is intended to introduce EcoNano in their different product ranges such as high-performance and engineered thermo plastics, composites, automotive, electronic appliances and other related products.



Financial Statements of the Group

# 2021 Bergen Carbon Solutions AS

## **Note 12 Public subsidy/Tax receivables (SkatteFUNN)**

In 2021, two development projects have been applied for and approved through SkatteFUNN: "Development of a process for purification of CNF from solid salt", and "Development of a production unit for production of CNF with pure CO<sub>2</sub> as input factor". Both projects are approved for two years. The grants from SkatteFUNN are recognized as operating grants.

Total costs in 2021 is NOK 2 928 853, and a total amount of NOK 556 482 (19 %) has been entered as a reduction in personnel expenses and as short-term receivables in the balance sheet, since the company has no tax payable in 2021.



## Financial Statements of the Group

# List of signatures

Name	Method	Signed at
Sagmo, Jan Børge	BANKID_MOBILE	2022-03-15 17:20 GMT+01
Pedersen, Atle Tvedt	BANKID_MOBILE	2022-03-15 17:13 GMT+01
Simonsen, Bjørn	BANKID_MOBILE	2022-03-15 17:12 GMT+01
Holst, Bodil	BANKID_MOBILE	2022-03-15 17:12 GMT+01
Skansen, Dag Vikar	BANKID_MOBILE	2022-03-15 17:11 GMT+01
Teigland, Wenche	BANKID_MOBILE	2022-03-15 17:21 GMT+01
Fatnes, Terje Christian	BANKID_MOBILE	2022-03-15 17:21 GMT+01

# **Financial Statements of the Parent Company**

## Financial Statements of the Parent Company



# Income statement

	Note	2021	2020
Revenue		205 798	1 050
Other income		668 357	0
<b>Total revenue</b>		<b>874 155</b>	<b>1 050</b>
Raw materials and consumables used		1 721 448	155 163
Change in self-manufactured goods		-108 800	0
Change in manufactured intangible assets	1, 2	-1 727 248	-3 708 953
Personnel expenses	3	17 022 519	5 214 187
Depreciation tangible og intangible assets	2	1 114 967	402 400
<b>Total operating expenses</b>	<b>3, 4</b>	<b>12 837 185</b>	<b>2 553 718</b>
<b>Total expenses</b>		<b>30 860 071</b>	<b>4 616 515</b>
<b>Operating profit</b>		<b>-29 985 916</b>	<b>-4 615 465</b>
<b>Financial income and expenses</b>			
Other interest income		116 609	1 189
Other financial income		12 211	9 202
Other interest expenses		14 842	33 488
Other financial expenses		33 149	16 293
<b>Net financial items</b>		<b>80 829</b>	<b>-39 390</b>
<b>Net profit before tax</b>	5	<b>-29 905 087</b>	<b>-4 654 855</b>
<b>Net profit after tax</b>		<b>-29 905 087</b>	<b>-4 654 855</b>
<b>Attributable to</b>			
Uncovered loss against share premium	5	<b>-29 905 087</b>	<b>-4 654 855</b>
<b>Total</b>		<b>-29 905 087</b>	<b>-4 654 855</b>

Financial Statements of the Parent Company

# Balance sheet



<b>Non-current assets</b>	<b>Note</b>	<b>2021</b>	<b>2020</b>
<b>Intangible assets</b>			
Research and development	1, 2	10 554 947	5 080 996
Patents, licences and trademarks	2	356 470	114 700
Total intangible assets		<u>10 911 417</u>	<u>5 195 696</u>
<b>Tangible assets</b>			
Plant and machinery	2	2 551 013	2 076 415
Equipment and other movables	2	748 523	180 500
Total tangible assets		<u>3 299 537</u>	<u>2 256 915</u>
<b>Financial fixed assets</b>			
Investments in subsidiaries	7	90 000	0
Total financial fixed assets		<u>90 000</u>	<u>0</u>
<b>Total non-current assets</b>		<u>14 300 954</u>	<u>7 452 611</u>
<b>Current assets</b>			
<b>Inventories</b>		<b>372 173</b>	<b>74 128</b>
<b>Receivables</b>			
Accounts receivables		52 143	0
Other short-term receivables	10, 12	2 573 731	520 121
Total receivables		<u>2 625 874</u>	<u>520 121</u>
<b>Cash and bank deposits</b>	<b>6</b>	<b>107 204 671</b>	<b>40 496 789</b>
<b>Total current assets</b>		<u>110 202 718</u>	<u>41 091 038</u>
<b>Total assets</b>		<u><b>124 503 672</b></u>	<u><b>48 543 649</b></u>

Financial Statements of the Parent Company

# Balance sheet



<b>Equity</b>	<b>Note</b>	<b>2021</b>	<b>2020</b>
<b>Paid-in equity</b>			
Share capital	5, 8	112 022	54 759
Share premium	5	118 722 565	5 517 840
Approved, not registered capital increase	5	0	37 918 361
Total paid-up equity		<u>118 834 587</u>	<u>43 490 960</u>
 Total equity		<u>118 834 587</u>	<u>43 490 960</u>
 <b>Liabilities</b>			
<b>Non-current liabilities</b>			
Other non-current liabilities	9	0	1 500 000
Total non-current liabilities		<u>0</u>	<u>1 500 000</u>
 <b>Current liabilities</b>			
Trade payables		2 421 880	2 512 472
Public duties payable		1 217 243	467 889
Other current liabilities		2 029 962	572 328
Total current liabilities		<u>5 669 086</u>	<u>3 552 689</u>
 Total liabilities		<u>5 669 086</u>	<u>5 052 689</u>
 <b>Total equity and liabilities</b>		<u>124 503 672</u>	<u>48 543 649</u>

Bergen 15.03.2022  
Board of Directors – Bergen Carbon Solutions AS

**Dag Vikar Skansen**  
Chairman of the Board

**Wenche Teigland**  
Member of the Board

**Bodil Holst**  
Member of the Board

**Atle Tvedt Pedersen**  
Member of the Board

**Terje Christian Fatnes**  
Member of the Board

**Bjørn Simonsen**  
Member of the Board

**Jan Børge Sagmo**  
CEO

Financial Statements of the Parent Company

## Cash flow statement



	Note	2021	2020
<b>Cash flows from operating activities</b>			
Profit/loss before tax		-29 905 087	-4 654 855
Loss/gain on the sale of fixed assets		7 316	0
Depreciation, amortization and impairment		1 114 968	402 400
Change in inventory		-298 045	-31 304
Change in accounts receivable		-52 143	0
Change in accounts payable		-90 592	-670 649
Change in other accrual items		153 377	176 687
Net cash flows from operating activities		<u>-29 070 205</u>	<u>-4 777 721</u>
<b>Cash flows from investment activities</b>			
Proceeds from the sale of fixed assets		124 000	0
Capital expenditures tangible assets		-8 892 772	-2 509 447
Capital expenditures manufactured intangible assets		-1 727 248	-3 708 953
Proceeds from investment grants		2 615 394	3 988 109
Acquisition of subsidiaries		-90 000	0
Net cash flows from investment activities		<u>-7 970 626</u>	<u>-2 230 291</u>
<b>Cash flows from financing activities</b>			
Repayment of non-current liabilities		-1 500 000	0
Increase in paid-in share capital		105 248 713	40 002 179
Net cash flows from financing activities		<u>103 748 713</u>	<u>40 002 179</u>
Net change in cash and cash equivalents		66 707 882	32 994 167
Cash and cash equivalents at the start of the period		40 496 789	7 502 622
Cash and cash equivalents at the end of the period		<u>107 204 671</u>	<u>40 496 789</u>

## Financial Statements of the Parent Company



# List of signatures

Name	Method	Signed at
Sagmo, Jan Børge	BANKID_MOBILE	2022-03-15 17:20 GMT+01
Pedersen, Atle Tvedt	BANKID_MOBILE	2022-03-15 17:12 GMT+01
Simonsen, Bjørn	BANKID_MOBILE	2022-03-15 17:12 GMT+01
Holst, Bodil	BANKID_MOBILE	2022-03-15 17:11 GMT+01
Skansen, Dag Vikar	BANKID_MOBILE	2022-03-15 17:10 GMT+01
Teigland, Wenche	BANKID_MOBILE	2022-03-15 17:22 GMT+01
Fatnes, Terje Christian	BANKID_MOBILE	2022-03-15 17:21 GMT+01

# Independent Auditor's Report



**KPMG AS**  
Kanalveien 11  
Postboks 4 Kristianborg  
5822 Bergen

Telephone +47 45 40 40 63  
Fax +47 55 32 11 66  
Internet [www.kpmg.no](http://www.kpmg.no)  
Enterprise 935 174 627 MVA

To the General Meeting of Bergen Carbon Solutions AS

## Independent Auditor's Report

### Opinion

We have audited the financial statements of Bergen Carbon Solutions AS, which comprise:

- The financial statements of the parent company Bergen Carbon Solutions AS (the Company), which comprise the balance sheet as at 31 December 2021, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Bergen Carbon Solutions AS and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2021, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- the financial statements give a true and fair view of the financial position of the Group as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report.

### Offices in:

KPMG AS, a Norwegian limited liability company and member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Statsautoriserte revisorer - medlemmer av Den norske Revisorforening

Oslo	Elverum	Mo i Rana	Stord
Alta	Finnset	Molde	Straume
Arendal	Hamar	Skien	Tromsø
Bergen	Haugesund	Sandefjord	Trondheim
Bodø	Knarvik	Sandnessjøen	Tynset
Drammen	Kristiansand	Stavanger	Alesund

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

#### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

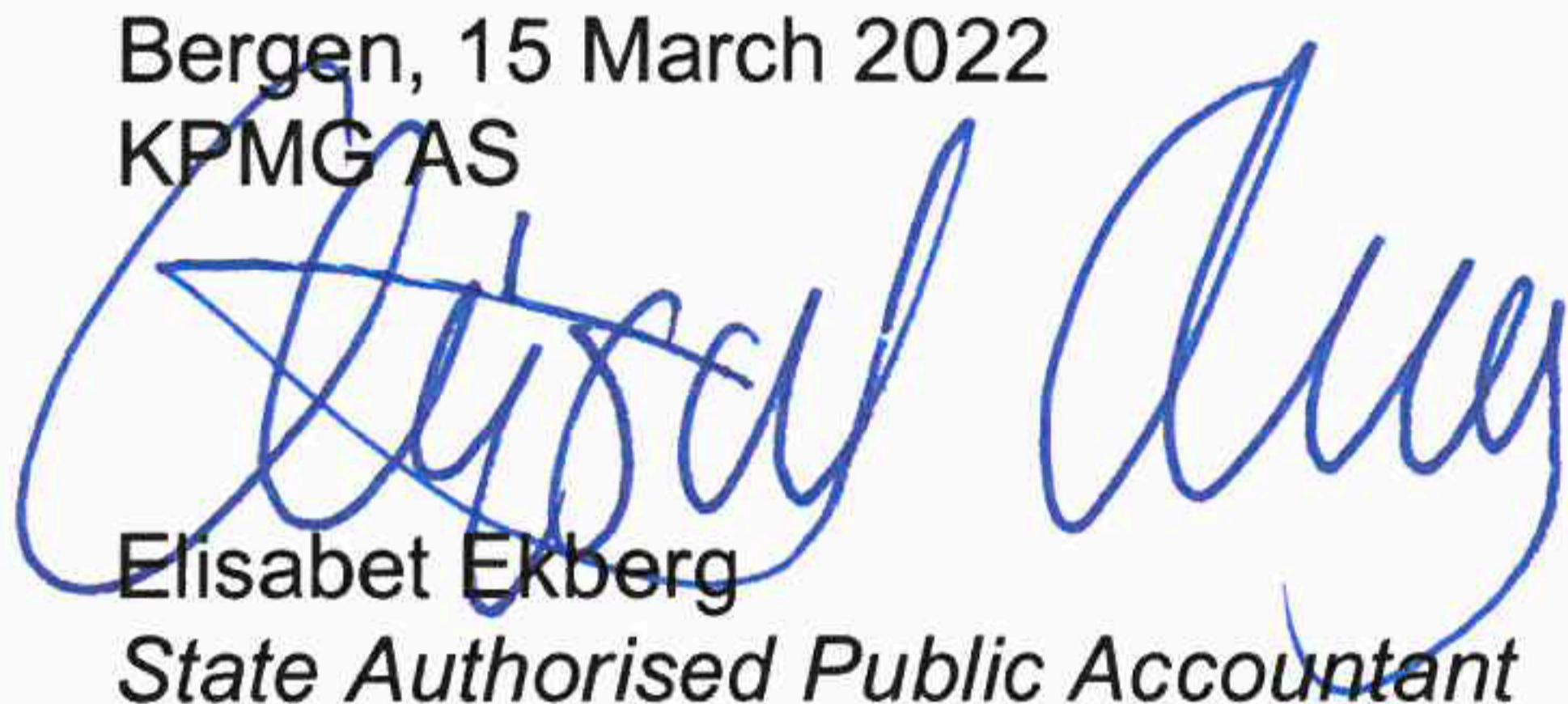
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- conclude on the appropriateness of management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Bergen, 15 March 2022

KPMG AS



Elisabet Ekberg

*State Authorised Public Accountant*

Bergen Carbon Solutions AS

# Annual Report 2021